

RD AN No. 3622 (3570-B)  
March 13, 2001

TO: State Directors  
Rural Development

ATTN: Staff Responsible for Community Programs

FROM: James C. Alsop (Signed by James C. Alsop)  
Acting Administrator  
Rural Housing Service

SUBJECT: Implementation of Economic Impact Initiative

**PURPOSE/ INTENDED OUTCOME:**

The purpose of this Administrative Notice (AN) is to provide clarification and guidance on the implementation and processing of applications eligible to compete for Community Facilities grant funds in areas of extreme unemployment and severe economic depression.

**BACKGROUND:**

Under the Rural Community Advancement Program (RCAP) for fiscal year (FY) 2001, Congress appropriated an additional \$50 million for a Community Facilities grant program for rural communities with extreme unemployment and severe economic depression, referred to as the Economic Impact Initiative.

**COMPARISON WITH PREVIOUS AN:**

No previous AN has been issued on this subject.

**IMPLEMENTATION RESPONSIBILITIES:**

Regulations

Overall program administration, eligibility, processing, and servicing requirements are governed by the existing Community Facilities grant program (7 CFR part 3570, subpart B).

EXPIRATION DATE:  
March 31, 2002

FILING INSTRUCTIONS:  
Preceding RD Instruction 3570-B

### Additional Eligibility Requirement – “not employed rate”

For applicants interested in competing for these funds for FY 2001, the essential community facility must be located in a rural community where the “not employed rate” is greater than 19.5 percent. Emphasis should be placed on working closely with the State’s department of labor or designated agency to obtain this employment data.

In cases where the department of labor is unable to furnish the not employed rate for the community, you may accept the most recent unemployment rate available at the time of application from the department of labor. The unemployment data used should be that which most accurately reflects the unemployment rate of the community. If there is reason to believe the data is not an accurate representation of the unemployment rate within the community, the reasons will be documented and the applicant may furnish, or Rural Development may obtain, additional information regarding such data. Information will consist of reliable data from local, regional, State, or Federal sources or from a survey conducted by a reliable impartial source. The State’s department of labor or designated State agency must certify that the not employed rate or unemployment rate is accurate for that community.

### Definition of Not Employed Rate

This is the percentage of individuals over the age of 18 who reside within the community and who are ready, willing, and able to be employed but are unable to find employment, as determined by the department of labor in the State in which the community is located.

### Allocation of Funds

All Economic Impact Initiative funds will remain in the National Office reserve for funding consideration for FY 2001. Project selections will be on a national competitive basis with project selections made on a monthly basis.

### Selection Process

Once a determination has been made that an applicant is eligible, the preapplication will be evaluated competitively and points will be awarded as specified in the project selection priorities contained in 7 CFR part 3570, subpart B. The State Director or designee will then forward the request to the National Office to compete for funding consideration. Unless withdrawn by the applicant, projects will then be rated, ranked, and selections will be made in order of priority. Each proposal will be judged on its own merit. Projects not selected for funding consideration for a given month will remain eligible to compete for the next month’s round of funding selections through the remainder of the fiscal year or until funds are exhausted.

### Notice of Invitation to Submit a Complete Application

All preapplications selected for funding consideration will be notified by the State or field office by issuing Form AD-622, "Notice of Preapplication Review Action." The National Office will notify the State Offices of the disposition of unfunded appropriations at the end of the fiscal year or when funds are exhausted. Those preapplications that do not have sufficient priority necessary to receive funding for FY 2001 will be notified, in writing, by the State or designated field office.

### Community Planning and Implementation

Out of the \$50 million appropriated, Congress authorized not more than 5 percent (\$2.5 million) to be made available during the fiscal year for community planning and implementation directly associated with developing an essential community facility. Prior to submittal of a formal preapplication for project development, an eligible applicant may choose to submit a separate application for community planning and implementation purposes. Otherwise, the cost may be included in the total project cost. All community planning and implementation funds will remain in National Office reserves for funding consideration. These funds may be used for the following expenses, but only when such expenses are a necessary part of developing an eligible essential community facility:

1. To retain professional or technical consultants and agents who provide technical assistance and services (such as architectural, engineering, inspection, financial, legal, or other services);
2. The cost associated with developing preliminary architectural and engineering reports;
3. The preparation of economic or financial feasibility reports;
4. Other costs directly associated with initial community planning and implementation, such as the costs of conducting community meetings and workshops, however, funds may not be used for travel expenses. Contact the National Office prior to submitting a request for community planning and implementation funds for other than the above-mentioned purposes;
5. All fees and costs associated with retaining professional or technical consultants must be reasonable and customary for the nature and scope of the project.

### Obligating Funds

Grant obligation and issuance of disbursements will be handled manually. Designated field personnel should fax and mail an executed copy of Form RD 1940-1 to:

Office of the Deputy Chief Financial Officer  
Fiscal Control Branch  
Fund Control Branch  
Mail Code FC-360  
P.O. Box 200011  
St. Louis, MO 63120-0011  
(Phone) 314-539-2429  
(FAX) 314-539-3041

Economic Impact Initiative grants for the purpose of development of a facility, Form RD 1940-1, "Request for Obligation," will include type of assistance code (TOA) 303. Obligation requests for Economic Impact community planning and implementation will use TOA 325. For accounting purposes, a separate Form RD 1940-1 must be used for community planning and implementation requests.

If you have any questions, please contact Joseph Ben-Israel, 202-720-1497.